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C O N F I D E N T I A L SECTION 01 OF 02 ZAGREB 000746

SIPDIS

DEPARTMENT FOR EUR/SCE AND PRM; BELGRADE FOR REFCOORD;
GENEVA FOR MULREAN AND PITOTTI

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SUBJECT: CROATIA AND SERBIA FIND LITTLE COMMON GROUND ON
THE AGENDA FOR A REGIONAL REFUGEE CONFERENCE (CORRECTED
COPY)

REF: ZAGREB 728

Classified By: Ambassador James Foley for reasons 1.4 (b) & (d).

11. (C) SUMMARY: The expert-level meeting between Croatia and Serbia in early December aimed at defining an agenda for a Belgrade-sponsored conference to address the lingering refugee issues in the region did not go well, according to contacts in Zagreb. The only agreement the parties reached was to meet in mid-January to try again on setting an agenda for the conference, which is tentatively scheduled for late winter. We judge there is little likelihood that the parties will be able to reach agreement in the near-term on the preparatory work that is essential to ensure the conference's ultimate success. A poorly implemented conference that would only result in finger pointing would be a setback, not only for the resolution of lingering refugee issues, but also for Croatian-Serbian relations. The best prospects for making progress on the refugee issues may instead come from attempting to develop a more comprehensive package of measures to resolve a myriad of the lingering and interconnected issues stemming from the war, which could have appeal to all sides. Such an initiative could be a powerful factor in normalizing the relations between Croatia and Serbia, and help stabilize the rest of the region. The aftermath of the inauguration of a new Croatian President in mid-February could be a propitious period for exploring elements of a comprehensive approach. END SUMMARY

12. (C) Expert-level delegations from Croatia, Serbia, Bosnia, and Montenegro met in Belgrade on December 7 and 8 to discuss the potential agenda for a regional conference proposed by Serbia and supported by the UNHCR to seek resolution of the remaining refugee issues in the region. The Serbian government would like to hold the refugee conference in Belgrade in late February or early March. The Croatian and Serbian delegations met bilaterally on the first day. According to Croatian participants, it was a wrangle over a myriad of contentious issues and made very little progress on defining a potential agenda. The core issue is the Serbian demand that Croatia provide compensation for Croatian Serb refugees who fled during the war and would rather remain in Serbia or Bosnia than try to return and re-integrate into Croatia.

13. (SBU) In the end, the Serbian delegation provided each of the parties an extensive list of refugee-related issues that Belgrade considers unresolved and would like to be included in the conference agenda. The Croatian delegation made a commitment to study the proposed topics and offered to host a follow-on expert-level meeting in mid-January to again attempt to define the conference agenda.

14. (C) On the second day of the experts-level meetings, representatives from the Belgrade offices of the UNCHR and OSCE were invited to participate. The UNCHR office in Zagreb is now pessimistic about the prospects of reaching an agreement on a conference agenda in January. On substance there was reportedly little meeting of the minds in terms of the priorities for the conference and the sides could not even agree on a working title for the conference. The Croatian side objects to a Serbian proposal that the conference title refer to the region's prospects for EU accession. The GoC believes this is an effort by Serbia to make any commitments that emerged from the conference part of the EU accession benchmarks for each country, which could then threaten to delay Croatia's EU membership.

15. (C) According to UNHCR, the Serbian delegation acknowledged it was important to find a common agreement on the number of refugees located in each country -- the UNHCR has noted some 10,000 refugees that are erroneously registered in more than one country -- but appeared unwilling to resolve this issue prior to the conference. Croatia argues that before any discussion of the way forward on the protracted refugee situation can be productive there needs to be agreement on the numbers concerned. UNHCR Zagreb's pessimism also reflects a recognition of deeply held, highly emotive, and discordant beliefs harbored by each side. Tellingly, the UNHCR read-out noted that at dinner on December 7 the two heads of delegation, Serbian Commissioner for Refugees Vladimir Cucic and Croatian Director General for Multilateral Affairs Mario Nobile, had a heated exchange in which the Croat insisted Serbia must take responsibility for the destruction of Vukovar while the Serb insisted that

ZAGREB 00000746 002 OF 002

Croatia is obliged to pay compensation to Serbs who fled during the war (and were stripped of tenancy rights) and do not want to return to Croatia.

COMMENT

16. (C) The deep sensitivity of this issue is further reflected in the arguments over the pending Croatian genocide suit and Serbian counter-suit at the ICJ. This underscores the risk to U.S. objectives in the region of bringing the issue of refugees who have chosen to settle in Serbia under the penumbra of EU accession. Not only could it delay Croatia's EU accession, it could end up complicating and delaying Serbia's own EU bid itself.

17. (C) Who bears responsibility for the ethnic Serbs who fled Croatia during the war is the central irritant in Croatia-Serbia relations (reftel). In that sense, the initiative to find a resolution to the remaining refugee issues is welcome on more than one account. However, it is unlikely to succeed if it aims to compel Croatia to compensate refugees who refuse to return, in isolation from a discussion of Serbia's own responsibility for the damage and disruption caused by the war. The budgetary implications for Croatia alone would make this a tough sell and the politics of paying people who do not want to return to Croatia are even tougher: Croatian politicians and public would immediately object that Serbia has never paid any damages to Croatia for the war. The GoC would likely insist additional funds be spent on housing and re-integration of those who have returned or are still willing to return. (An international fund to provide compensation to both refugees in Serbia and to victims of the war in Croatia might provide a way out of this impasse, but our understanding is that external donor funding for such an effort is unlikely.) END COMMENT.

A DIFFERENT APPROACH

18. (C) The linkages among these issues argue for a comprehensive package between Croatia and Serbia (that would also potentially include B-H and Montenegro). The election

of a new Croatian president in mid-February could be an opportunity to move the Croatian-Serbian relationship forward; but an inadequately prepared conference around the time of the inauguration could instead prove a setback both to bilateral relations and to resolving the refugee issue. A better course of action would be a well-calibrated effort to construct a broader strategic deal that provides closure to a number of the issues that stem from the war in 1990s, potentially including refugees, genocide claims and reparations. Such a comprehensive agreement would take time and need to be guided in part by the US and key European capitals. But success would pay long-term dividends, as it would remove much of the burden of the past from the region's quest for normalization and Euro-Atlantic integration.

WALKER